



NEWS RELEASE

CALIFORNIA STATE TREASURER PHILIP ANGELIDES

FOR IMMEDIATE RELEASE

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California's New College Savings Program, Marks First Year Anniversary With Accelerating Enrollment and Soaring Assets

SACRAMENTO, CA— ScholarShare, California's state-sponsored, tax-advantaged college savings program for families, rockets into its second year with accelerating enrollment and soaring assets powered by popular new investment options.

Since the introduction of two 100 percent equity investment options and a guaranteed rate of return option on July 1, the number of California families enrolling in ScholarShare has jumped by more than 9,000 accounts.

ScholarShare now has more than 20,000 participants and more than \$86.5 million in assets under management. The program was introduced on October 4, 1999, and ranked number two in the country out of 46 similar state plans by *Kiplinger's* personal finance magazine in its August 2000 issue.

"We're excited about the number of California families who are choosing ScholarShare to save for college," said Philip Angelides, California State Treasurer and Chairman of the ScholarShare Investment Board. "There's no doubt that our new investment options are attracting California families who clearly see the value of ScholarShare's flexibility and tax advantages in helping them realize the dream of a college education for their children," he said.

Although ScholarShare's initial Age-Based Asset Allocation investment option is appropriate for most participants, the new options have expanded interest in the program to both people and financial planners who prefer to create their own allocation plan among the different investment choices.

"The fact that ScholarShare is growing at a faster rate than a similar plan in New York state -- which is a year older than California's and also has a significant tax credit -- clearly shows the momentum being generated by ScholarShare's new investment options," said Angelides.

Earnings in ScholarShare grow on a state and federal tax-deferred basis. When savings are eventually used to pay college costs, taxes will be paid at the beneficiary's (student's) income tax rate, which will likely be lower than that of the account owner, and possibly zero.

ScholarShare has several investor-friendly, flexible features. First, it has no income limitations; meaning families of all income levels have the same opportunity to invest in it. Second, account

owners can contribute as much as is necessary to meet the estimated future cost at the most expensive college in California. Third, an account can easily be established since the minimum investment requirement is only \$25, or as low as \$15 per account per pay period through payroll deduction. Fourth, accumulations can be used for tuition, certain room and board expenses, books, and required fees and supplies at nearly all colleges across the country. In addition, ScholarShare can also be used for graduate, medical, law and vocational school.

A unique advantage to using ScholarShare for estate planning purposes is that account owners receive gift and estate tax benefits while retaining control of the assets. Unlike other vehicles used to help children through college, such as the Uniform Gift to Minors Act, state-sponsored college savings programs allow account owners to control assets even after a child reaches age 18.

ScholarShare's four investment options are:

- **Age-Based Asset Allocation:** Age-based investment portfolios that combine stock, bond, and money market mutual funds. Accounts for younger-age beneficiaries have more money placed in stocks to take advantage of their potential for greater long-term returns compared to bonds.
- **100% Equity:** One hundred percent of the holdings are invested in both domestic and international stocks.
- **100% Social Choice Equity:** One hundred percent of the holdings are invested in stocks, giving special consideration to certain social criteria in making investments. For example, investments are not made in companies that produce tobacco or alcohol products. ScholarShare is the first state-sponsored college savings program in the nation to offer such an investment option.
- **Guaranteed:** Allocates contributions to a funding agreement that guarantees both principal and a minimum fixed-rate of return.

Investment options are managed by TIAA-CREF Financing, Inc., a wholly-owned subsidiary of TIAA-CREF, a leading financial services organization and the premier pension system for colleges and universities.

Information on ScholarShare, including applications, is available by calling toll free, 877-SAV-4-EDU (877-728-4338) or by visiting www.scholarshare.com.

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